

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

KRISJENN RANCH, LLC,)

)

Plaintiff)

)

VS.)

CASE NO. 20-50805

)

DMA PROPERTIES, INC.,)

ET AL.,)

)

Defendants)

ORAL DEPOSITION OF
ADAM MCLEOD
OCTOBER 8, 2020

ORAL DEPOSITION OF ADAM MCLEOD, produced as a witness at the instance of the Defendant, and duly sworn, was taken in the above-styled and -numbered cause on October 8, 2020, from 9:22 a.m. to 4:29 p.m., before Samantha Falcone, CSR in and for the State of Texas, reported by machine shorthand, at Jones, Allen & Fuquay, 8828 Greenville Avenue, Dallas, Texas 75243, pursuant to the Federal Rules of Civil Procedure, the current Emergency Order regarding the COVID-19 State of Disaster, and the provisions stated on the record or attached hereto.

A P P E A R A N C E S

FOR THE WITNESS:

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FOR THE PLAINTIFF:

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ALSO PRESENT:

Mr. Norm Harris - Videographer
Mr. John McLeod
Mr. Daniel Moore

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P R O C E E D I N G S

THE VIDEOGRAPHER: We are going on the record at 9:19 a.m. My name is Norm Harris, representing Veritext. The date today is October the 8th, 2020. This deposition is being held at Jones Allen Fuquay, LLP, located in Dallas, Texas and is being taken by counsel for the defendant. The caption of the case is KrisJenn Ranch, LLC, et al. versus DMA properties, Inc., et al. This case is filed in the United States Bankruptcy Court for the Western District of Texas, San Antonio Division. Case No. 20-50805. The name of the witness is Adam McCleod.

Attorneys, please state your appearance as well as your location.

MR. PEREZ: Morning. My name is Ezekiel Perez. I'm here on behalf of Debtors KrisJenn Ranch, LLC, KrisJenn Ranch, LLC, Series Pipeline Road, KrisJenn Ranch, LLC, Series Developing (phonetic) Ranch. I'm appearing from Muller Smeberg's offices in San Antonio, Texas.

THE WITNESS: Is it possible to turn their volume up a hair?

THE REPORTER: Yeah. Mr. Perez, we are having a hard time hearing you.

1 I'm sorry, what did you say?

2 THE WITNESS: Yeah, I see his name on
3 there.

4 MS. WORSHAM: Oh, John --

5 MR. CLEVELAND: -- have to say anything
6 but just so -- yeah. Just so the record's clear, John
7 McLeod, I think, is joining by phone as well,
8 somewhere in the Dallas area.

9 MS. WORSHAM: Yes. I don't know where
10 he is.

11 MR. CLEVELAND: Okay.

12 THE WITNESS: He's at his office in
13 Irving.

14 MR. CLEVELAND: Okay. I think that
15 covers it.

16 ADAM MCLEOD,

17 having been first duly sworn, testified as follows:

18 EXAMINATION

19 BY MR. CLEVELAND:

20 Q Mr. McLeod, good morning. Can you hear me
21 okay?

22 A Yes.

23 Q Okay. Mr. McLeod, we've met before on the
24 phone in a Zoom and in person; is that correct?

25 A Yes.

1 Q And you know that I represent the parties
2 that I just identified in this proceeding, including
3 DMA Properties and the Long Branch entities?

4 A Yes.

5 Q Are you aware of that?

6 And do you understand, sir, that DMA
7 Properties is the entity that belongs to Daniel Moore
8 and Long Branch Energy is the entity that belongs to
9 Darin Borders, also my client?

10 A Yes.

11 Q And can you state your full name,
12 Mr. McLeod, for the record.

13 A Adam Wade McLeod.

14 Q And how old a man are you, sir?

15 A Thirty-seven years old.

16 Q Okay. And you live in Dallas, Texas?

17 A I do.

18 Q What's your address?

19 A 6345 Goliad Avenue, Dallas, 75214.

20 Q Okay. I'm going to be asking you some
21 questions today about your background and other
22 topics, but I do want to go over some deposition
23 basics with you before we get started.

24 You -- you attended by Zoom the
25 deposition of Larry Wright last week over the course

1 of two days; isn't that true, sir?

2 A Yes, I did.

3 Q And have you ever been deposed yourself
4 previously, before today?

5 A Yes. One time about nine years ago, I
6 believe.

7 Q Okay. I'll ask about that in a moment.

8 But do you understand, Mr. McLeod, that
9 you've just taken an oath to tell the truth, which
10 would be the same oath if you were in a courtroom in
11 San Antonio, Texas?

12 A Yes, I do.

13 Q And do you understand that one of the
14 penalties for not telling the truth when you've taken
15 the oath like you have can be perjury?

16 A Yes.

17 Q And, sir, I'm not suggesting anything about
18 this, but I do need to ask -- and I asked Mr. Wright
19 last week -- are you under the influence of any
20 substance or medication that would in any way affect
21 your ability to truthfully answer my questions here
22 today?

23 A No.

24 Q Okay. And will you agree, sir, to let me
25 know if you don't understand a question that I ask

1 because it's very important that you understand my
2 question since you are testifying under oath?

3 A Yes.

4 Q And we've done well so far, but especially
5 in this odd Zoom setting, it's important that we slow
6 down and that you'll let me finish my question before
7 you answer; and likewise, I will endeavor to let you
8 finish your answer before I start my next question.

9 Does that sound good?

10 A Yes.

11 Q Because you understand that the court
12 reporter is taking down what we say today and there
13 will be a transcript of this deposition?

14 A Yes.

15 Q Okay. Mr. McLeod, where are you presently
16 employed?

17 A I currently manage a couple of LLCs.

18 Q Okay. And which ones are those?

19 A McLeod Oil, Cape Energy, Bordeaux Mineral
20 Holdings, VCG Energy, ECB Energy. I think that's it.

21 Q Okay. I need you to hit me with those
22 again. I'm writing them down.

23 McLeod Oil, LLC?

24 A Yes.

25 Cape Energy, C-a-p-e, one word; second

1 A That's correct, just one of the owners of
2 those. I'm not a W2.

3 Q Okay. Let's -- let's start with McLeod Oil.
4 I'm going to go through and ask you some questions
5 about these different entities.

6 A Okay.

7 Q What does McLeod Oil do?

8 A It's a oil-and-gas and investment vehicle.
9 We've -- we've operated in a variety of sectors, I
10 believe, almost all in the energy field. And it's a
11 company that's owned by my father and I, John McLeod
12 fifty-fifty. And I -- I believe that's about all I
13 can think of.

14 Q Okay. And what is the approximate value of
15 the assets that are currently under management by
16 McLeod Oil, LLC?

17 A Well, that's a moving target. I -- I really
18 do not know. They vary with commodities and they vary
19 with Coronavirus and I mean, I really do not know.
20 We've never done a full audit or anything like that.

21 Q And I understand that especially with oil
22 and gas it's on a day-to-day basis, that can be a
23 difficult number to pin down. And I -- I'm truly
24 asking for just your best approximation.

25 If you would like to answer with a

1 range, that's fine, too. But as you -- just as best
2 you can, understanding all the caveats you gave me,
3 can you give me a ballpark of the value of assets
4 under management by McLeod Oil?

5 A Maybe -- maybe as high as 12 to 15 million.

6 Q Okay. And is that -- how is the -- do you
7 include anything from the option agreement that you
8 have with some of the KrisJenn Ranch entities in that
9 amount of assets under management?

10 A I was just including the \$5.9 million loan
11 as being the asset there.

12 Q Okay. So, I appreciate that.

13 So when you say 12 to 15 million as
14 your best approximation as we sit here today, were you
15 including the \$5.9 million loan to Mr. Wright and his
16 entities within that amount?

17 A Yes.

18 Q And so if we removed -- just to be clear --
19 that loan from the situation and I asked you what's
20 the ballpark amount of assets under management of
21 McLeod Oil sitting here today, you'd be, what,
22 between, about 5 and 8 million; is that fair?

23 A Yes. Yes.

24 Q Okay. Other than the -- and I'm glad you
25 brought that up. On McLeod Oil's books is -- how is

1 does McLeod Oil have any business dealings with Larry
2 Wright or any of his entities other than the loan for
3 5.9 million and the option agreement that concerns the
4 right-of-way that's at the center of this case?

5 A I -- I don't know if you consider this an
6 active loan, but we -- we purchased minerals from him
7 in probably 2012. But that's not an active fluid
8 deal, but we -- that -- that would be the only thing.

9 Q Okay. Is there anything that -- that is
10 ongoing in the relationship with Mr. Wright related to
11 that purchase of minerals in 2012?

12 A No.

13 Q Okay. Do you have any agreements with
14 Mr. Wright or his entities at present other than the
15 loan agreement for 5.9 million and the option
16 agreement?

17 A No.

18 Q How much was the purchase of minerals from
19 Mr. Wright in 2012?

20 A Somewhere in the neighborhood of \$800,000, I
21 think. Off the top of my head, it -- there were some
22 title --

23 Q Okay.

24 A -- issues, but yes, somewhere 750, 800,
25 around there.

1 Q Okay. You said there was title issues.

2 What were those?

3 A I -- I think we had some issues with what --
4 when we ran title and did due diligence, the actual
5 number of acres we were able to prove, because it was
6 an undivided interest situation, and there was an --
7 there was a tracker, too, that we were not comfortable
8 with the title on. And so we pulled back and actually
9 ended up buying a little bit less. It was just a
10 little bit cloudy title, typical for South Texas.

11 Q Okay. You -- you attended the deposition
12 last week of -- of Mr. Wright, and you -- you probably
13 heard me ask him this question. I asked if he had any
14 side agreements or, you know, handshake deals with
15 McLeod Oil about McLeod not pursuing his ranch in this
16 proceeding.

17 Do you remember me asking him questions
18 to that effect?

19 A I -- I -- I was in and out during the --
20 during that. I do remember some cause of it. I don't
21 specifically remember what you said, but I remember
22 some generalities.

23 Q Okay. Let me just -- I'll just ask you this
24 question.

25 Do you have any side agreement,

1 handshake deal, or anything like that with Mr. Wright
2 or any of his entities to promise him any gross points
3 in any transaction involving the right-of-way?

4 A No, I do not.

5 Q Does McLeod Oil have any of those kind of
6 agreements with Mr. Wright or his entities?

7 A No, we do not.

8 Q Do you -- or excuse me.

9 Does McLeod Oil have any agreements
10 with Larry Wright or his entities to refrain from
11 pursuing either Mr. Wright's ranch or his minerals,
12 which are both identified as assets in this
13 bankruptcy?

14 A No, we do not.

15 Q Are you working or coordinating in any way
16 with Mr. Wright related to this bankruptcy proceeds?

17 A The only coordination I had was we tried to
18 do a settlement over the summer, and that is all. We
19 tried to do a settlement with Mr. Borders, which he
20 was involved.

21 Q Okay. Are you happy to have been involved
22 in this bankruptcy, Mr. McLeod?

23 A In -- in the -- in the bankruptcy or the
24 entire thing?

25 Q We'll start with the bankruptcy and then

1 who -- who did that. I don't -- I don't recall.

2 Q Okay. Have you ever seen the net profit

3 interest agreements between Black Duck and DMA

4 Properties as Black Duck and Longbranch Energy?

5 A Speaking here now today?

6 Q Yes, sir.

7 A Yes.

8 Q Okay. And when did you first see the net

9 profits agreements with DMA Properties and Longbranch

10 Energy?

11 A To my best recollection, it was at the

12 summary judgments in January in Center, Texas.

13 Q You're talking about a hearing in a

14 courthouse on the summary judgment motion?

15 A Yes, sir.

16 Q Okay. And that was a hearing in Shelby

17 County in January of 2020?

18 A I believe that's correct, yes.

19 Q And you physically attended that hearing; is

20 that right, sir?

21 A Yes, I did.

22 Q And you were sitting in the gallery while

23 the lawyers were up doing defense, arguing with the

24 Court?

25 A Yes.

1 with Larry Wright and his entities, but they also
2 exercised -- excuse me, signed an option agreement at
3 that time?

4 A Yes.

5 Q Okay. And my question is: Prior to McLeod
6 Oil signing that amended loan agreement and that
7 option agreement in December of 2019, did you or
8 McLeod Oil -- or had you or McLeod Oil ever seen the
9 net profit interest agreements of DMA Properties or
10 Longbranch Energy?

11 A I do not recall if I saw it. I did not read
12 it and take -- and do any -- any kind of a thorough
13 analysis. It's possible it came through on an e-mail,
14 but I did not read it. And I'm not even sure if I had
15 it. I -- but like I said, it's possible. I would
16 have to go back and look at my e-mails to see when --
17 when that did or did not come to me. So I -- I really
18 do not know.

19 Q Okay. I'll represent to you that McLeod
20 Oil, in response to a subpoena from my office,
21 produced, I want to say, 3,000 pages of -- of
22 documents. And I'll represent to you that nowhere in
23 there is there an e-mail where anybody sends McLeod,
24 you or your dad, my clients' net profits interest
25 agreements prior to the option agreement and the loan

1 agreement in December of 2019.

2 And if you had such an agreement, would
3 you have produced it in response to -- I'm sorry.

4 If you had such an e-mail, would you
5 have produced it in response to the subpoena, sir?

6 A Yes.

7 Q Okay. And you, with your counsel,
8 Ms. Worsham, and her office, you did -- did you do a
9 pretty exhaustive search of your e-mails and text
10 messages to find responsive information to our
11 subpoena, sir?

12 A Yes.

13 Q Okay. Prior to the amended loan agreement
14 and the option agreement in December of 2019, sir, did
15 you ever discuss the net profits interest of DMA
16 Properties or Longbranch Energy with Larry Wright?

17 A Not that I recall.

18 Q Okay. Did you, prior to signing the loan
19 agreement -- the amended loan agreement and the option
20 agreement in December of 2019, do any record searches
21 on this right-of-way to determine if there were any
22 net profit interests or other encumbrances on the
23 right-of-way?

24 MS. WORSHAM: Tim, did -- did Mr. Adam
25 McLeod sign those documents? We don't have any

1 exhibits in front of us, but my understanding is --

2 MR. CLEVELAND: Oh, I mean --

3 MS. WORSHAM: -- John signed them on
4 behalf of McLeod Oil.

5 MR. CLEVELAND: Yeah. Okay. Well, I
6 appreciate it. Let me -- let me modify the question a
7 little bit.

8 Q (BY MR. CLEVELAND) Prior -- Mr. McLeod,
9 prior to McLeod Oil signing the amended loan agreement
10 and the option agreement in December of 2019, did you
11 or anyone at McLeod Oil do any diligence into the
12 records related to the right-of-way to see if there
13 were any encumbrances on the right-of-way, like a net
14 profit interest?

15 A No, we did not.

16 Q Okay. When you -- when you first saw the
17 net profits interest agreements at this hearing in
18 January of 2020, what was your reaction?

19 A Probably just confusion. Just -- you know,
20 I need to spend a little more time understanding this.
21 Like you said, I didn't have it in front of me. It
22 was on the teleprompter, and I -- or not a
23 teleprompter, excuse me, a screen on like a
24 PowerPoint. And so I -- I was just confused and
25 realized there was a -- you know, there was some more

1 hair on this thing.

2 Q Okay. And why are you confused?

3 A It was a lot of information. And both sides
4 were telling a story, and I didn't know what to think,
5 really.

6 Q Okay. Have you ever heard of the phrase in
7 business or in your life, Mr. McLeod, that "a deal is
8 a deal"?

9 A Maybe. I don't recall a specific time.

10 Q Okay. When -- when you and McLeod Oil gave
11 your word in agreement, do you intend to honor the
12 text of the agreements that you're signing?

13 A Yes, we do.

14 Q Okay. Did you, after seeing the net profits
15 interest agreements, ever go to Larry Wright and say,
16 "What's going on? I didn't know about these two
17 encumbrances."

18 A I -- I believe -- I don't know the exact
19 words I used, but I believe something along those
20 lines.

21 Q Okay. What do you specifically recall going
22 back to Larry with after you saw these net profits
23 interest agreements at the hearing in January of 2020?

24 A I think I was just -- you know, "Is" -- "is
25 this serious? Is this going to a problem?" You know,

1 completely forthcoming with you about this litigation
2 and the net profits interests agreement with DMA and
3 Longbranch prior to McLeod signing the option
4 agreement in December of 2019?

5 MR. PEREZ: Objection; form.

6 MS. WORSHAM: I'm sorry, did somebody
7 else speak besides Tim there?

8 MR. PEREZ: Sorry, Ezekiel Perez.
9 Objection; form.

10 MR. CLEVELAND: Yes. That was just
11 counsel for Mr. -- for KrisJenn making an objection to
12 form.

13 THE REPORTER: Oh, okay. I'm sorry, we
14 couldn't hear that.

15 A Will you repeat the question, please?

16 Q (BY MR. CLEVELAND) Sure.

17 Looking back -- looking back, do you
18 believe that Larry Wright was forthcoming with McLeod
19 Oil about this right-of-way and any encumbrances on
20 the right-of-way before McLeod Oil signed the option
21 agreement in December of 2019?

22 A I believe Mr. Wright told us there was some
23 hair on the deal that would be taken care of. I don't
24 believe he went into as much detail as he probably
25 could have, but, you know, I -- I was told that there

1 was -- was some hair on the deal. I just -- I guess I
2 didn't know how much.

3 Q Okay. So again, my question is: Do you
4 believe that Mr. Wright was entirely forthcoming with
5 you before the option agreement in December of 2019,
6 given where we are today?

7 MR. PEREZ: Objection; form.

8 A No.

9 Q (BY MR. CLEVELAND) Okay. What do you wish
10 he would have told you that he didn't?

11 A I guess I just wish I knew a little bit more
12 about the -- the history between Mr. Moore and
13 Mr. Borders and Mr. Wright and the documents.

14 Q Okay. Looking back, who do you consider to
15 be responsible for providing that information to you
16 before you signed -- McLeod Oil signed this option
17 agreement?

18 A Please repeat the question.

19 Q Sure.

20 Looking back, who do you believe should
21 have been responsible for -- for providing you more
22 information about the hair on this deal before you
23 signed -- before McLeod signed the option agreement?

24 A There's probably fault on both McLeod Oil
25 and Larry for not exploring the hair on the deal

1 further. That -- that's probably my answer there.

2 Q Okay. But who -- who knew more about the
3 hair on the deal? Larry or yourself?

4 A Larry.

5 Q Okay. He kept things from you, didn't he?

6 MR. PEREZ: Objection; form.

7 A He probably could have told me more.

8 Q (BY MR. CLEVELAND) Okay. If you had seen
9 the net profit interest agreements with DMA Properties
10 for Longbranch before you signed the option agreement,
11 would you -- would McLeod Oil sign that deal?

12 A I don't know for sure.

13 Q Okay. At the time that McLeod Oil signed
14 the option agreement with Larry Wright in December of
15 2019, is it fair to say that you had a fair amount of
16 trust in Mr. Wright?

17 A Yes.

18 Q Okay. As you sit here today, do you have
19 the same amount of trust in Larry Wright that you did
20 before you signed -- before McLeod signed the option
21 agreement?

22 A I'm not sure. I don't know.

23 Q Okay.

24 A Still have more -- still have more stuff to
25 find out.

1 table with him or anything, but I was in the 200 or
2 250-man tournament that he was in. But it was hardly
3 a poker tournament. It was much more of a handshaking
4 and networking deal.

5 Q Okay. And, I guess, other than that event,
6 which I -- I wouldn't categorize as playing poker with
7 Larry, let me ask you, have you ever played poker with
8 Larry Wright?

9 A One time, he and I played at his ranch when
10 I was down there proving a pipeline easement. He and
11 I played heads up for probably an hour. That's about
12 it.

13 Q And this was at the KrisJenn Ranch?

14 A Yes.

15 Q How many times have you been to the KrisJenn
16 Ranch?

17 A I would guess maybe four.

18 Q Okay. And -- and what were -- what were
19 those occasions?

20 A The first time I went there when I was
21 buying those minerals in Zavalla in 2012. Another
22 time, I was there because Larry was -- was -- or
23 want -- needed my signature to execute an easement
24 that he was giving on the ranch. And since we were
25 the main creditors, he needed me to look at it and

1 then sign paperwork down there. And then another
2 time, I -- I went down there to -- to fish and hunt,
3 and then the same thing the other time.
4 So two times to fish and hunt, then one
5 time to -- to do the easement, and another time to do
6 the minerals.

7 Q And when you -- on those two occasions when
8 you went there to fish and hunt, were you doing those
9 things with Larry, or did you bring other people on
10 the ranch to -- to do that with you?

11 A I brought my -- my wife and one of our other
12 friends and her husband with us. It was a -- it was a
13 social deal where we were going to, you know, all fish
14 and hunt. And then the other time was --

15 Q And was --

16 A Sorry. Go ahead.

17 Q You -- you can finish what you were saying,
18 "the other time" and then I'll ask.

19 A The -- the other time I -- I was there --
20 I -- I was there just to fish and hunt.

21 Q Okay. And when you brought your wife and
22 the other couple, were you socializing with Larry and
23 his family on that occasion, or were they there?

24 A I think just Larry was there.

25 Q Okay. Was he hunting and fishing with you

1 and -- and the other couple?

2 A No. He -- he -- well, he put me in a stand
3 to hunt, and then we -- we all kind of went down to
4 like a river/pond area. I mean, he -- he was kind of
5 there around, but he kind of more -- more let us kind
6 of have run of the place, you know, because we -- it
7 was quarantine, and we all wanted something to do, and
8 he was all -- he was nice enough to offer up his ranch
9 as a place for us to get out of town.

10 Q Oh, so that was -- that's this year, then;
11 is that right?

12 A Yes. Like, last spring.

13 Q Okay. And that was the occasion with your
14 wife and the other couple that came down?

15 A Yeah.

16 Q And then this other hunting and fishing trip
17 where you went, was that also this calendar year?

18 A I think it was the end -- no. It was
19 either -- I -- I know it was during deer season. I --
20 I can't really remember if it was -- it was somewhere
21 between the -- the first and last part -- I -- I'm
22 going to say probably the early part of 2020.

23 Q Okay. Do you consider Larry Wright to be a
24 personal friend of yours?

25 A Probably more business acquaintance.

1 Q Okay. Did you and your wife and the other
2 couple, did you pay Larry or the KrisJenn Ranch for
3 this hunting and fishing trip during the quarantine?

4 A We brought down some -- some food, you know,
5 and -- and some crawfish, but I -- there was no
6 monetary exchange.

7 Q Okay. Mr. McLeod, were you aware that Larry
8 Wright was going to cause his entity to file
9 bankruptcy before they actually did it in April of
10 this year?

11 A I do not recall. I don't believe so. I do
12 not believe so. I don't -- I -- I don't recall
13 100 percent, but I don't believe so.

14 Q Did Larry Wright ever share with you why he
15 decided to put his three entities into bankruptcy?

16 A No, I don't think he did. I mean, I -- I
17 think I connected the dots on my own.

18 Q And what -- what were those?

19 A That he was out of money.

20 Q Okay. Did -- did Larry or his entities miss
21 any payments on their loan with McLeod Oil?

22 A Yes.

23 Q What payments did he miss?

24 A Interest payment.

25 Q And that was an interest payment that was

1 owed -- I believe the deadline was early February of
2 2020; is that right?

3 A Yes.

4 Q What was the amount of the interest payment
5 that he missed?

6 A Off the top of my head -- don't hold me to
7 it -- around 108,000.

8 Q Okay. And so he missed that deadline early
9 February, right?

10 A Yes.

11 Q And then he filed bankruptcy in late
12 April 2020, right?

13 MS. WORSHAM: If you know.

14 A Yes. I -- I -- I -- I think that's -- I
15 believe that's accurate. I -- I don't know for sure.

16 Q (BY MR. CLEVELAND) Okay. Okay. When did
17 McLeod Oil first send a notice of default to
18 Mr. Wright and his entities?

19 A I'd have -- you'd have to ask my dad or my
20 attorney, but I know we started talking about it, you
21 know, for a while, but I don't know when the actual
22 notice came in.

23 Q Okay. Was this trip, this hunting trip,
24 your wife and the other couple, if that was in
25 quarantine, that would have been after early

1 February 2020, right?

2 A I believe so.

3 Q Okay. Was there any tension on that trip

4 with Mr. Wright seeing as he had missed the

5 108,000-dollar interest payment to McLeod Oil?

6 A Little -- little bit. Little bit.

7 Q Okay. Did -- did you say, you know, in your
8 mind, before going, "Wait, maybe I shouldn't go to
9 this trip since this is" -- "this is one of our
10 debtors that owes us," you know, "a lot of money, and
11 he's missed the payment"?

12 A He -- he acted like it was fine, and, you
13 know, we -- I -- it's a -- it's a nice place to go,
14 and we'd been locked up and, you know, we -- we took
15 advantage of his offer.

16 MS. WORSHAM: Hey, Tim, when you get to
17 a stopping point, we need to take a restroom break, or
18 I do, at your -- at your next stopping point.

19 MR. CLEVELAND: You -- you read the
20 pause well, Laura.

21 Why -- why don't we do that now.

22 MS. WORSHAM: I was waiting for you to
23 pause and then I was going say, "I got to go."

24 MR. CLEVELAND: That was a pause for a
25 mental block, too, so that means it's time for a

1 would listen to parts of it through the Zoom, and
2 other times, you were doing other things; is that --

3 A Yeah. Yes.

4 Q -- accurate?

5 A That's correct, yeah.

6 I was logged in, but I was up and out
7 and moving around and taking other calls and stuff
8 like that, so it would -- yes.

9 Q Understood.

10 MR. CLEVELAND: Laura, are we -- are we
11 good on that, Laura?

12 MS. WORSHAM: Yes. Thank you.

13 MR. CLEVELAND: Okay. Great.

14 Q (BY MR. CLEVELAND) All right. Mr. McLeod,
15 we have taken a break.

16 Are you ready to continue, sir?

17 A Yes.

18 Q So prior to the -- the option agreement that
19 McLeod Oil has related to the right-of-way in this
20 case, do you have any experience developing
21 right-of-ways or pipelines, sir?

22 A No, I do not.

23 Q Okay. And what attracted you to -- to a
24 potential pipeline business project, given your
25 background -- your significant background and

1 experience in oil and gas?

2 A I know that midstreams are a big commodity
3 these days in the industry. People are -- people are,
4 you know -- are clamoring for them. I know a lot of
5 the local municipalities and -- and counties and
6 parishes want those water hauling trucks off the road.
7 Being in the saltwater disposal business, I can attest
8 that the people that drive those trucks are not who
9 you want driving near your child's school, just to put
10 it that way, but they -- I -- I just -- I -- I know
11 enough, given my background, that water is a huge
12 deal. And if you can't dispose of it in the
13 Haynesville, which what I consider to be one of the
14 biggest plays right now in the entire world, that, you
15 know -- that you're going to have to get rid of that
16 water if that play is going to move forward and with
17 the issue in Shelby County. And having a solution to
18 that, to me, seems like -- like an attractive -- an
19 attractive venture.

20 Q Got it.

21 And you used the word "midstream."

22 And not an oil and gas person here, I
23 need that -- what is -- what do you mean by
24 "midstream"?

25 A Well, you've got what's considered to be

1 very, very big business. You know, they're a --
2 they're a billion- if not multibillion-dollar company
3 within a very short amount of time, and I've -- I've
4 studied them quite a bit.

5 Q And so once the -- let -- let's stick with
6 the one pipeline example on this right-of-way.

7 Once one line is built on this
8 right-of-way, and there's a -- there's a group that
9 owns it, how does that line cash flow?

10 A Well, there -- from -- from my
11 understanding, you know, there's quite a few different
12 ways to do it. You know, you -- you can take a -- a
13 royalty per barrel, you can take -- you know, like
14 every single barrel is X, you know, like you get
15 eight cents for every barrel you move, or you can
16 charge them, you know, the -- the full process of --
17 of -- you know, some people want to recycle water and
18 then send it back and try and resell it. You know,
19 I -- the -- this is stuff I'm still learning about,
20 but -- you know, like from what I understand, there's
21 quite a few different ways to skin a cat, if you will,
22 on how you make money, and I think everyone's got
23 their own -- their own recipe.

24 Q Okay. And I'll give you another example or
25 potential example and ask you questions about it.

1 Q We'll look at it later.

2 A Yeah, I do not remember.

3 Q One second. Let me get another exhibit up
4 here.

5 (Exhibit 1 marked.)

6 Q (BY MR. CLEVELAND) All right. Mr. McLeod,

7 I'm going to show you what I'm marking -- what I've

8 marked as Exhibit 1 to your deposition.

9 MR. CLEVELAND: And Exhibit 1, Counsel,

10 is Bates number --

11 We'll come back to this, Adam.

12 -- is Bates number LW364 to 365.

13 These were the documents produced by

14 David Strolle last week.

15 Q (BY MR. CLEVELAND) All right. Mr. McLeod,

16 do you have this document in front of you on your

17 screen, sir?

18 A Yes, I do.

19 Q And this is an e-mail string, you know,

20 around the time frame where we've been discussing, you

21 know, the first half or so of 2019.

22 Do you see that this is a string that

23 involves Mr. Crockett, Larry Wright, David Strolle,

24 and others?

25 A I do.

1 Q And do you know who Craig Crockett is?

2 A I -- I believe he is the attorney for TCRG.

3 Q All right. And do you remember the last
4 week in the deposition, were you listening when --
5 when Larry Wright testified that TCRG never accused
6 him of fraud? Did you hear that part?

7 A I don't recall that. I -- I think -- I -- I
8 kind of tuned out whenever I didn't hear McLeod.

9 Q Okay. Fair enough.

10 Well, I want to direct you to -- this
11 is just the bottom of the e-mail that starts with
12 Mr. Strolle and Mr. Crockett about the northern water
13 protect.

14 Do you see that, sir, on LW365?

15 A Uh-huh. Yes.

16 Q The northern water project, was that the
17 title of the -- the water line that TCRG was going to
18 build where you had 4 percent carried interest?

19 A I have no idea.

20 Q Okay. I'm going focus you on the next
21 e-mail from Mr. Crockett to Mr. Strolle. It's
22 highlighted.

23 Do you see that, sir?

24 A Uh-huh. Yes.

25 Q And do you see at the very top Larry

1 Wright's e-mail included in this string?

2 A Yes.

3 Q All right. I'll read Mr. Crockett's e-mail.

4 "David, as I see it, your client

5 fraudulently failed to disclose the existence of the

6 encumbrances created by the DMA for assignment, the

7 Borders, Longbranch assignment, and the August 14,

8 2017 deed of trust filed in volume 42888568 (phonetic)

9 in the real property of Zavalla County. And in doing

10 so, your client violated sections 5.2, 5.3, 5.5, 5.7,

11 and so on of the purchase and sale agreement."

12 Do you see that paragraph, sir?

13 A Yes.

14 Q Continues. "When a lawsuit is filed against

15 your client and Mr. Terrill for fraud, I would

16 anticipate that DMA, Moore, Borders, Longbranch and/or

17 my client will seek the remedy of this disgorgement of

18 the ill-gotten gain. That is total disgorgement of

19 your clients' interest" -- excuse me -- "and

20 Mr. Terrill's/Synergy's interest. I think your client

21 would do well to recognize this and resolve these

22 claims immediately, commensurate with the risk of

23 total disgorgement to damage."

24 Do you see that, sir?

25 A Yes.

1 Q Now, were you ever made aware by Mr. Terrill
2 or anybody at TCRG that they were accusing Larry
3 Wright of fraud for failing to disclose encumbrances
4 created by the DMA and Longbranch assignment?

5 A I do not recall ever hearing those words.

6 Q Okay. And, sir -- I mean -- let me ask you:
7 You've been in business for a long time -- I mean, do
8 you think you would remember if somebody said, "Hey,
9 this guy you're in business with were" -- "is accused
10 of fraud"?

11 A I think I would remember that.

12 Q Okay. And this was the same thing we talked
13 about this morning, Mr. McLeod, when I asked you, did
14 Larry disclose these assignments to you and your dad
15 before the option agreement, and you can't remember
16 them doing that, can you?

17 A I -- correct. I do not recall.

18 Q Okay. Do you have any reason to believe
19 that Craig Crockett was lying here when he was
20 accusing Larry Wright and John Terrill of fraud?

21 A I don't know the guy. I have no idea. I
22 mean, I can't speak to a guy who I don't know. I
23 mean, people -- as I -- that's all I can say.

24 Q Okay. All right. We're done -- we're done
25 with that one.

1 A That is -- I -- I -- I don't recall exactly
2 when that payment was due. I'm -- I'm sure my dad
3 will know tomorrow. I -- I can't remember exactly
4 when the first one was due.

5 Q Okay. Did -- did Mr. Wright ever ask McLeod
6 Oil for an extension or a grace period on this
7 interest payment that was owed in February of 2020?

8 A Not that I know of.

9 Q Not even before they filed bankruptcy, you
10 don't recall them asking for an extension or a grace
11 period?

12 A I do not recall that request, no.

13 Q If Mr. Wright had asked you for a -- a
14 six-month extension on the deadline for that interest
15 payment, would you have agreed to it?

16 A I have -- I have no idea. That's -- that's
17 a -- another question for my dad, and I'm -- you know,
18 I -- I have no idea.

19 Q Okay. Well, let me ask -- based on your
20 dealings with Mr. Wright, Mr. McLeod, if you were
21 making the decisions, if Mr. Wright had asked for an
22 extension on that interest payment, would you have
23 agreed to give it to him?

24 MR. PEREZ: Objection; form.

25 A I have no idea.

1 Q (BY MR. CLEVELAND) Okay. All right. All
2 right. Another exhibit upcoming.

3 THE WITNESS: Oh, my neck.

4 MS. WORSHAM: Not the most comfortable
5 chair.

6 THE WITNESS: Well, I'm leaning
7 forward. I'm trying to -- squinting in this thing.

8 MS. WORSHAM: And, you know, if --

9 MR. CLEVELAND: Oh --

10 MR. PEREZ: Tim, if you want to take a
11 five-minute, ten-minute bathroom break quickly? We've
12 been on for about an hour.

13 MR. CLEVELAND: Yeah, we can do that.
14 We can do that.

15 Let's take a short bathroom break.

16 THE WITNESS: Okay.

17 THE VIDEOGRAPHER: We are going off the
18 record at 2:17 p.m.

19 (Break from 2:17 p.m. to 2:31 p.m.)

20 THE VIDEOGRAPHER: We are going back on
21 the record at 2:31 p.m.

22 (Exhibit 7 marked.)

23 Q (BY MR. CLEVELAND) All right. Mr. McLeod,
24 we've taken a break. Back on the record.

25 Are you ready to continue?

1 A Well, that was the -- so that was what I
2 thought the Shelby County litigation was.

3 Q Like the actual summary judgment hearing
4 itself?

5 A Yes.

6 Q So let's look at the atta- -- but let me --
7 sorry. Sorry. Starting over.

8 Other than the discussion about the
9 summary judgment hearing, after that, did Larry Wright
10 ever have a phone call or more with you to discuss the
11 litigation in Shelby County or even this bankruptcy?

12 MR. PEREZ: Objection; form.

13 A Not -- not that I can recall. I mean,
14 the -- the only thing I recall was he said that that
15 judge was taking a long time because I asked, "Did she
16 ever make a ruling?" But I don't remember anything
17 beyond that.

18 Q (BY MR. CLEVELAND) Okay. And what -- let's
19 look at in Exhibit 7. I'll scroll down to the
20 attachments. Now -- and -- and just remember the
21 statement, "We cannot take a chance to have the
22 pipeline moved into a trust by the Shelby County
23 judge."

24 Now, what Larry attached was this, and
25 I'm going to rotate this around. This is how it

1 was -- we'll -- so there you go.

2 All right. So I've rotated that. This
3 is one of the attachments, and this is what Mr. Wright
4 attached. The statement, it says that, "As equitable
5 relief, Moore seeks the disgorgement of all
6 ill-begotten profits and funds procured by Wright and
7 his entities as the result of his breach of fiduciary
8 duty. Moore further requests the constructive trust
9 be placed on all proceeds, property, and/or interests
10 obtained by Wright and his entities, including but not
11 limited to KrisJenn Ranch, LLC, series pipeline ROW as
12 a result of this breach of fiduciary duty."

13 Do you see that?

14 A Yeah.

15 Q Did you read this when -- when Mr. Wright
16 sent it as an attachment to his email?

17 A I don't recall, probably, but I -- I
18 don't -- I don't recall it.

19 Q Do -- do you recall, you know, ever being
20 alarmed that -- at the idea that there could be a
21 constructive trust with the right-of-way placed in it
22 in connection with litigation?

23 A I still didn't have -- really didn't even
24 know what was going on, so I -- I didn't -- I don't
25 even know the downside of being in a trust at that

1 time, so I -- no, I -- it -- it -- it did not resonate
2 with me, really.

3 Q Okay. So you do -- do you recall having
4 a -- a discussion after Larry sent the email about its
5 contents and, you know, his -- his discussion about
6 the litigation in Shelby County?

7 A I do not.

8 Q All right. It -- did -- were there --
9 sometimes Larry would email you the -- I mean, I -- I
10 guess it says that sometimes you tuned him out a
11 little bit from the way you're answering this, I mean;
12 is that true?

13 A Probably, yeah. Yeah. And sometimes he's a
14 little hard to follow.

15 Q Okay. All right. I'm going to mark another
16 exhibit, Exhibit 18 -- and I'm sorry -- Exhibit 8 to
17 your deposition, Mr. McLeod.

18 (Exhibit 8 marked.)

19 Q (BY MR. CLEVELAND) We're now in April of
20 2020, and Exhibit 8 has the Bates numbers McLeod 523
21 through 525. So these are -- this is another email
22 that came from your -- your production in response to
23 subpoena.

24 A Uh-huh.

25 Q And I -- I'll -- I'll go to the bottom,

1 third page and work our way up, Mr. McLeod.

2 Do you see that on the bottom of the
3 string is an email with a bunch of lawyers on it on
4 April 14th, 2020? And it says Judge Rafferty has
5 invited you -- invited you to a scheduled Zoom
6 meeting.

7 Do you see that?

8 A Yup. Yes.

9 Q And do you understand -- you see these --
10 these italicized te- -- pieces of texts here that say,
11 at Long Branch versus TCRG and Larry Wright, et
12 cetera, versus Frank Daniel Moore, do you see those?

13 A Yes.

14 Q Do you understand that those two pieces of
15 italicized texts are referring to two different
16 lawsuits?

17 A Okay. I mean, I -- I'm not an attorney, no.
18 I -- I've -- to -- to me, that means --

19 Q That's fine.

20 A -- they're all somehow interconnected.

21 Q Got it.

22 Okay. And looking up with the next
23 email, do you see an email from Judge Rafferty, the
24 judge in Shelby County, to all of us lawyers on
25 April 14th, 2020?

1 A Yes.

2 Q All right. Do you see she says, "Counsel,

3 I'd like to reconsider the motion to consolidate

4 during this hearing as well"? Do you see that?

5 A Yes.

6 Q Did you have any understanding of what the
7 motion to consolidate was in the Shelby County
8 litigation?

9 A No.

10 Q All right. And then scrolling up, there's
11 Derick Rodgers.

12 Did you understand that he was counsel
13 for Mr. Wright or his entities?

14 A Yes.

15 Q He's sending an email here about the notice
16 of hearing to Judge Rafferty's email.

17 Do you see that?

18 A Yes.

19 Q And then you see in the next email above,
20 Mr. Rodgers emails Larry Wright copying Ricardo
21 Cedillo. It says, "Larry, see the notice below."

22 Do you see that?

23 A Yes.

24 Q And I'm going to remind you again that
25 the -- the hearing that's being referred to is an

1 April 22nd hearing.

2 Do you see that in Judge Rafferty's
3 email?

4 A Yes.

5 Q Okay. So now, we're at the top of this
6 exhibit, and Larry Wright emails you on April 14th at
7 3:12 p.m. Central. And he says, "Time to file on the
8 21st. Thank you, Larry."

9 Do you see that?

10 A I do.

11 Q Okay. Can you hear me okay, Mr. McLeod?

12 A Yes. Yes. Yes, I can.

13 Q And then you forwarded Mr. Wright's email to
14 your dad later that afternoon.

15 Do you see that?

16 A Yes, I do.

17 Q Do you have any knowledge of what Mr. Wright
18 is referring to when he says, "Time to file on the
19 21st"?

20 MR. PEREZ: Objection; form.

21 A No, I do not. I believe that's why I sent
22 it to my dad because I was confused.

23 Q (BY MR. CLEVELAND) Okay. Did Mr. Wright
24 ever give you any indication that he was talking about
25 filing this bankruptcy the day before --

1 A Oh.

2 Q -- a hearing in the Shelby court litigation?

3 A No.

4 Q Did you ever call Larry and say or ask him,
5 "What" -- "what do you mean time to file on the 21st"?

6 A Not that I recall. I -- I don't believe so.
7 I --

8 Q Did -- did you and -- I'm sorry. Go ahead.

9 A Oh, nothing. No, I -- I don't believe I
10 ever got clarification on what he was talking about.

11 Q And did you and your dad discuss this email
12 after you sent the -- the forward at 4:52 p.m.?

13 A I do not recall.

14 Q Was -- was your dad or anybody else ever
15 able to help you understand what Mr. Wright was
16 referring to when he says, "Time to file on the 21st"?

17 A No.

18 Q Okay. All right. All right. Mr. McLeod,
19 I'm -- I've marked and I'm showing you Exhibit 9 to
20 your deposition, which has the Bates numbers
21 McLeod 2215 to 2216.

22 Do you have this document in front of
23 you, sir?

24 (Exhibit 9 marked.)

25 A Yes, I do.

1 Q (BY MR. CLEVELAND) Okay. And do you see
2 that Exhibit 9 is a letter from Bill Kuhlmann dated
3 April 23rd, 2020?

4 A Yes.

5 Q And I'll -- I'll go down to the second page
6 just so you can see Mr. Kuhlmann's signature.

7 Do you see it there?

8 A Yes, I do.

9 Q All right. And -- and have you seen this
10 letter before?

11 A Yes.

12 Q Okay. And what -- can you tell me in your
13 own words what -- what is this letter?

14 A I believe that that was a letter we sent as
15 the result of Larry missing his loan payment to us.

16 Q Okay. And I'm highlighting in the document
17 mine just to -- to help move us along, but the payment
18 that was missed is -- is --

19 A Sorry, say it again.

20 Q Is that the payment -- yeah, I'm going to
21 take you back.

22 Can you hear me okay?

23 MS. WORSHAM: No. We're getting
24 that --

25 A No.

1 MS. WORSHAM: -- feedback again.

2 THE WITNESS: Yeah.

3 Q (BY MR. CLEVELAND) Yeah.

4 What about now?

5 A Yes.

6 Q All right. Okay. Back to this letter in
7 Exhibit 9. You said this letter was -- was written
8 because of a missed payment on a loan between McLeod
9 Oil and Mr. Wright and his entities; is that right?

10 A Yes.

11 Q Okay. And is that the payment that
12 Mr. Kuhlmann refers to in the second paragraph that
13 I've highlighted that says, "Under loan agreement,
14 interest on the note is due and payable semiannually
15 and an interest payment was due and payable on
16 February 8th, 2020."

17 Do you see that?

18 A Yes.

19 Q He continues. He says, "Payment was not
20 made and failure to make that payment constituted in
21 events of default under section 10.1 of the loan
22 agreement. The amount that should have been paid on
23 February 8th, 2020 was \$109,367.21."

24 Did I read that correctly?

25 A Yes.

1 Q Okay. Do you know why -- well, actually,
2 let me ask it this way.

3 Are you aware of any notice of -- of
4 default that was sent by McLeod Oil to Mr. Wright
5 before April 23rd, 2020?

6 A Since like this -- like within a letter?

7 Q Yeah. Let's start there, an e-mail or a
8 letter.

9 A I do not -- I do not recall either of those
10 being sent.

11 Q Okay. Do you know why -- why the first
12 written notice of default to Mr. Wright and his
13 entities came about 2 1/2 months after he missed the
14 deadline?

15 MR. PEREZ: Objection, form.

16 A You'll need to -- to ask my dad. I believe
17 he dealt with Mr. Kuhlmann on this. He'll be able to
18 give you a better understanding.

19 Q (BY MR. CLEVELAND) Well, what -- and I will.
20 But as you sit here today, do you have
21 any understanding or knowledge of why the first
22 written notice of default from McLeod Oil to
23 Mr. Wright for a payment that was due in early
24 February came in late April?

25 MR. PEREZ: Objection; form.

1 A I do not.

2 Q (BY MR. CLEVELAND) All right. Did it have
3 anything do with the bankruptcy Larry Wright was about
4 to file?

5 MR. PEREZ: Objection; form.

6 A I -- I have no idea.

7 Q (BY MR. CLEVELAND) Okay. Mr. Kuhlmann says
8 on the second page here, let me highlight this. It
9 says, "Lenders representatives have been engaged in
10 discussions with you regarding the delinquent
11 installment of interest but those discussions have
12 been frequent. Accordingly, you have left Lender no
13 choice but to take this action."

14 Do you see that, sir?

15 A Yes, I do.

16 Q Were you involved in any discussions with
17 Mr. Wright about this delinquent interest payment?

18 A I believe we may have asked about it, but I
19 don't recall much more than that. My dad may have --
20 you may want to ask him if he said something.

21 Q Okay. Did -- did this loan between McLeod
22 Oil and Mr. Wright and his entities have anything to
23 do with Black Duck Properties, LLC?

24 MR. PEREZ: Objection; form.

25 A I'll need you to -- to rephrase or explain

1 that further.

2 Q (BY MR. CLEVELAND) Sure.

3 Well, have you been -- have you learned
4 of an entity called Black Duck Properties, LLC --

5 A Yes.

6 Q -- in connection with this case as -- as
7 being an entity that, you know, you suggest and
8 consisted of two members, one was an entity controlled
9 by Mr. Wright and the other was an entity controlled
10 by Mr. Moore?

11 A Yes. I'm -- I'm familiar with -- with Black
12 Duck.

13 Q Okay. Black Duck was not a party to the
14 loans between McLeod Oil and KrisJenn Ranch and
15 Mr. Wright, was it?

16 A Not to my knowledge.

17 Q Okay. Do you see this footer down here in
18 the letter?

19 A Yes, I do.

20 Q Do you see this -- in this letter, Black
21 Duck, where the words "Black Duck" appear?

22 A Uh-huh. Yes.

23 Q Do you -- do you know if David Strolle wrote
24 this letter?

25 MR. PEREZ: Objection; form.

1 MS. WORSHAM: He --

2 A No. But to my knowledge, Bill Kuhlmann --

3 MS. WORSHAM: The letter speaks for
4 itself.

5 THE WITNESS: Okay. Yeah.

6 Q (BY MR. CLEVELAND) Well -- and what I meant
7 is that, do you know if David Strolle, like, created
8 the first draft to this letter and then sent it to
9 McLeod Oil to finalize and send it back?

10 MR. PEREZ: Objection; form.

11 MS. WORSHAM: No idea.

12 A I have absolutely no idea.

13 Q (BY MR. CLEVELAND) Okay. So I guess you
14 can't help me understand why -- why there's some sort
15 of a footer with a Black Duck -- with the Black Duck
16 name in there.

17 Do you know why Black Duck appears in
18 this letter that has nothing to do with Black Duck?

19 MR. PEREZ: Objection --

20 A You probably -- you probably need to ask the
21 author. I have no idea.

22 Q (BY MR. CLEVELAND) Okay. Okay. And are --
23 are you aware that approximately four days after this
24 letter was sent, Mr. Wright's -- KrisJenn entities all
25 filed bankruptcy?

1 A I -- I was not aware of the exact day when
2 that happened.

3 Q Did you -- did Mr. Wright ever tell you
4 before he did it that he was going to cause those
5 entities to file bankruptcy?

6 A I believe -- I believe he mentioned it at
7 one point.

8 Q And when was that?

9 A I -- I don't recall.

10 Q What did he say?

11 A I think it was something to the effect that
12 he was out of money, and I think we've kind of asked
13 what the deal was on the interest. He said he was out
14 of money, and that was about it.

15 Q Okay. Did he say anything else?

16 A That -- that's all I remember.

17 Q Okay. So in this time frame, Mr. McLeod, so
18 end of April 2020, this is about two months after
19 the -- the Trace -- the Trace Midstream call --

20 A Yes.

21 Q -- that we discussed earlier; is that right?

22 A Yes.

23 Q In this -- and after that Trace Midstream
24 call between then and, like, end of April 2020, which
25 is when Mr. Wright caused his entities to file

1 that is just speculation.

2 Q (BY MR. CLEVELAND) Okay. Do you have any --
3 any further answer to that question, Mr. McLeod?

4 A I do not.

5 Q All right. Looking down at 1B, sir, it
6 says, "Black Duck Properties, LLC's obligation to pay
7 the Net Profit Share shall attach and run with the P21
8 or Express pipeline and Black Duck Properties, LLC
9 binds its successors and assigns to the payment of the
10 Net Profits Share."

11 Do you see that, sir?

12 A I do see it.

13 Q Okay. And have you been involved in
14 agreements where obligations attached and ran with the
15 land in your --

16 A Not that I -- not to my knowledge.

17 Q Okay. From your lawyer's comment,
18 Mr. McLeod, I take it that you don't have any position
19 on what this agreement means; is that correct?

20 A That's correct. I -- I'm not armed with
21 enough information --

22 Q Okay.

23 A -- to -- to say.

24 Q Well -- well, let me ask.

25 Are you taking a position on what this

1 agreement -- DMA agreement means, Mr. McLeod?

2 A No.

3 Q All right. Do you have any opinion,

4 Mr. McLeod, on what this DMA agreement means?

5 A No.

6 Q All right. And similarly, are you aware --
7 strike that.

8 Are you aware that there's a -- a
9 similar agreement to this one that's been referred to
10 as the Longbranch assignment?

11 MR. PEREZ: Objection; form.

12 A Yes.

13 Q (BY MR. CLEVELAND) And are you aware that --
14 in fact, why don't we just pull it up so we can close
15 this loop.

16 Speaking of that, let me -- on the DMA
17 agreement, one more question.

18 Do you have any knowledge or opinions
19 or testimony to tell me, sir, about the impact of the
20 DMA agreement on McLeod Oil and its potential
21 ownership of the right-of-way?

22 MR. PEREZ: Objection; form.

23 A No.

24 Q (BY MR. CLEVELAND) Okay. So we're -- we're
25 done with that one. And, sir, what I've pulled up in

1 have any opinion or testimony about what this
2 Longbranch assignment means?

3 A I really just -- Tim, I really don't have
4 the -- the legal wherewithal or the history to -- to
5 say.

6 Q I understand that, and I'm not being
7 critical of that. I just need to make sure I
8 establish this, and I can move on.

9 So are you offering a position in any
10 way about what this Longbranch assignment means in
11 this case?

12 A I am not.

13 Q Okay. Are you offering any testimony or a
14 position, sir, about what this -- the impact of this
15 Longbranch assignment would have on any ownership by
16 McLeod Oil of the right-of-way?

17 MR. PEREZ: Objection; form.

18 A No.

19 Q (BY MR. CLEVELAND) Are you offering -- do
20 you have any position about whether the Longbranch
21 assignment or DMA agreement attaches and runs with the
22 right-of-way?

23 A I am not.

24 Q All right.

25 A Or I do not.

1 Q Are you offering any position or testimony
2 on whether the Longbranch assignment or the DMA
3 agreement and the interest therein binds the
4 successors and assigns Black Duck?

5 A I am not.

6 MR. CLEVELAND: Okay. We can take a
7 break.

8 THE WITNESS: Okay.

9 THE VIDEOGRAPHER: We are going off the
10 record at 3:23 p.m.

11 (Break from 3:23 p.m. to 3:35 p.m.)

12 THE VIDEOGRAPHER: We are going back on
13 the record at 3:35 p.m.

14 Q (BY MR. CLEVELAND) Okay. Mr. McLeod, just
15 to tie a couple of things up.

16 Sir, are you taking a position on
17 whether or not DMA Properties has a 20 percent net
18 profit interest that attaches and runs with the
19 right-of-way? Yes or no?

20 A No.

21 Q Are you taking a position, sir, that the
22 20 percent net profit interest of Longbranch Energy
23 attaches and runs with the right-of-way? Yes or no?

24 A No.

25 Q Okay. Mr. McLeod, switching topics again.

1 physical line for them. I don't know if they used a
2 third-party contract or if they have in-house guys.
3 That's -- that's going to be something I still have
4 yet to learn.

5 Q Okay.

6 MR. CLEVELAND: And, Laura, just so we
7 have a clean record, I'm going to ask this question,
8 and you can give any instruction that you feel is
9 appropriate. Okay?

10 MS. WORSHAM: Okay.

11 Q (BY MR. CLEVELAND) Just so it's clean,
12 Mr. McLeod, who are the potential capital partners
13 that you have met with in connection with the
14 potential project on this right-of-way?

15 MS. WORSHAM: I'm going to object as to
16 proprietary confidential information not relevant to
17 the matters at hand, and I am instructing Mr. McLeod
18 not to answer.

19 MR. CLEVELAND: Got it.

20 Q (BY MR. CLEVELAND) Are you going to follow
21 your lawyer's instruction?

22 A Yes.

23 Q Okay. Mr. McLeod, last topic, your cell
24 phone.

25 I was made aware that we -- we received

1 several text messages in the McLeod Oil Production
2 from you, messages between you and Larry Wright,
3 messages between you and Darin Borders.

4 But I understand that some of your text
5 messages with Larry Wright were lost; is that correct,
6 sir?

7 A Yes. My -- my entire phone kind of
8 collapsed, and I recovered what I could, what was on
9 the cloud, and I produced that phone. I don't know
10 what happened. I had it for -- for a good while. And
11 it just -- it just stopped working, and I took it to
12 AT&T, bought a new phone, recovered what I could from
13 the Cloud, and, you know, that's -- that's as much as
14 I could tell you about it.

15 Q Okay. And when you say "the phone
16 collapsed," first of all, when did this happen?

17 A Somewhere in the la- -- the latter part of
18 July, I believe.

19 Q Okay. And when you say it "collapsed,"
20 what -- what do you mean?

21 A When I tried to turn it on, it would only
22 show the -- the white Apple screen. And I tried all
23 the tricks of, you know, the rice, I tried resetting
24 it, everything I knew to troubleshoot it. And
25 eventually, I went to Apple. They told me that these

1 phones, you know, sometimes just do that. You know,
2 very noncommittal and Apple -- the stores
3 unfortunately are closed down because of COVID, so I
4 just purchased a new phone at that time.

5 Q What kind of phone -- what kind of iPhone
6 was it that just stopped working?

7 A Like an i- -- like seven, maybe. I -- I
8 don't know the exact -- it's on the back of the phone.
9 I think Laura has it.

10 Q Okay. And have you ever taken affirmative
11 steps to actually delete any text messages with Larry
12 Wright?

13 A No.

14 Q Have you ever done that to delete a text
15 messages with Darin Borders?

16 A I -- I don't believe so.

17 Q Okay. And so what -- you were able to
18 recover some text messages with Mr. Wright from the
19 Cloud; is that right?

20 A Yes.

21 Q And from what I've seen, there's some text
22 messages with Mr. McLeod -- with Mr. Wright from, you
23 know, early part of 2019. And then there's a gap to
24 midsummer of 2020.

25 Is that consistent with your

1 recollection of -- of the missing group of texts?

2 A Yeah. That -- it was not just Mr. Wright.

3 It was for anybody and everybody. That was the last

4 time the cloud had updated or uploaded that

5 information. So I lost con- -- contacts, music,

6 everything. And so when I turned on my new phone and

7 connected it to the Cloud, everything reverted back to

8 that September area and so I lost -- I -- I lost

9 everything. Every conversation with everybody as well

10 as music and apps and everything.

11 Q But when you say "the new phone," everything
12 reverted back to when?

13 A Around that September '19 time. Like, that
14 all just popped up on my phone when I synched it with
15 the cloud.

16 Q Okay. Have you checked your new phone and
17 new cloud to see if any of these text messages between
18 September of '19 and middle of summer 2020 are --
19 are -- have been recovered or -- or restored?

20 A Yes, I have, actually.

21 Q And have they -- have you found any?

22 A No, I didn't -- I -- I did not see them.

23 Q Okay. And so do you know why we're able to
24 have some text messages starting in July of 2020 to
25 present? Were those on the new phone or --